

H2GSDERS

1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

3 UNITED STATES OF AMERICA,

4 v.

15 CR 643 (PKC)

5 DEREK GALANIS,

6 Defendant.

7 -----x  
8 New York, N.Y.  
9 February 16, 2017  
2:00 p.m.

10 Before:

11 HON. P. KEVIN CASTEL,

12 District Judge

13  
14 APPEARANCES

15 PREET BHARARA

16 United States Attorney for the  
Southern District of New York

17 AIMEE HECTOR

REBECCA G. MERMELSTEIN

BRIAN R. BLAIS

18 Assistant United States Attorneys

19 LAW OFFICE OF ANTHONY J. BRASS

Attorney for Defendant

20 BY: ANTHONY J. BRASS

21 ALSO PRESENT:

Shannon Bieniek, FBI Agent

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(Case called)

MS. HECTOR: Good afternoon, your Honor. Aimee Hector, Rebecca Mermelstein, Brian Blais for the government. With us is Shannon Bieniek from the FBI.

THE COURT: Good afternoon to you all.

For the defendant.

MR. BRASS: Good afternoon, your Honor. Tony Brass appearing with Derek Galanis, who appears in custody.

THE COURT: Good afternoon, Mr. Brass. Good afternoon, Mr. Galanis.

Mr. Brass, what I propose to do is go through the materials that I have, and the question will be whether I have everything I should have. I have a presentence report, recommendation, and addendum that was revised as of January 31, 2017, I have a sentencing memorandum on behalf of Mr. Galanis that was filed on February 2, and I have the government's sentencing memorandum dated February 9, 2017. I also have a letter from the government in which they ask to defer on restitution.

Do I have everything I should have on the subject of sentencing?

MR. BRASS: Yes, your Honor.

THE COURT: Ms. Hector?

MS. HECTOR: Yes, your Honor.

THE COURT: Has the defendant read, reviewed, and

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1 discussed with you the presentence report, recommendation, and  
2 addendum?

3 MR. BRASS: Yes.

4 THE COURT: Does the defendant have any objections to  
5 the facts set forth in the presentence report?

6 THE DEFENDANT: None.

7 THE COURT: Does the defendant have any objections to  
8 the guideline calculation set forth in the presentence report?

9 MR. BRASS: No, your Honor.

10 THE COURT: Does the government have any objections to  
11 the facts set forth in the presentence report?

12 MS. HECTOR: No, your Honor.

13 THE COURT: Does the government have any objections to  
14 the guideline calculation?

15 MS. HECTOR: No, we do not.

16 THE COURT: I adopt as my findings of fact the facts  
17 set forth in the presentence report and further adopt as my  
18 guideline calculation the guideline calculation set forth in  
19 the presentence report.

20 Defendant is at total offense level 28, criminal  
21 history category III, guideline range of 97 to 121 months.

22 I'll now give Mr. Brass an opportunity to speak on  
23 behalf of Mr. Galanis.

24 MR. BRASS: Thank you, your Honor.

25 Your Honor, the factual disagreements that we have

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1 with the government in the sentencing memorandum I am not going  
2 to address today. I think we all generally agree with the  
3 picture of Mr. Galanis' case.

4 Mr. Galanis was released from federal prison on his  
5 prior conviction, went home and to the only place he had, home  
6 with his father at that point. I don't want anything I say to  
7 confuse what I mean. Mr. Galanis is a full-grown man. He is  
8 an adult and responsible for himself. But the way his life has  
9 worked out, he ended up being someone who had very few places  
10 to go other than home, where he lived with John Galanis and  
11 Jason Galanis. I will dance circles around the topic of  
12 whether I am blaming John Galanis for the evils of Derek  
13 Galanis, but I am, and that will come forth in what I am trying  
14 to say today.

15 I am not going to repeat what I said in my sentencing  
16 memorandum, but I will let the court know, when I met Mr. Derek  
17 Galanis -- I'll refer to him as Derek only because everyone has  
18 the same last name.

19 THE COURT: That's fine.

20 MR. BRASS: Thank you.

21 When I met Derek, the only thing he wanted was to  
22 protect his brother Jared. He wanted nothing for himself. He  
23 didn't ask me to get any deal. He didn't ask me to put up a  
24 defense. He didn't ask me how much evidence the government had  
25 so that he could get away with what he had done. He

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1 acknowledged immediately what he had done and said, How do I  
2 protect Jared? That was all he wanted.

3 I have represented many, many people. I have never  
4 had anyone do that, to lay themselves down for someone they  
5 cared about. I think the court recently acknowledged that  
6 Jared Galanis is less culpable than the other people involved  
7 in this case. I am not saying he was not culpable and didn't  
8 deserve what he got, but the level of culpability was  
9 significantly less. That's the same reason that Derek was  
10 always ready to put himself in front of what was coming to  
11 Jared.

12 The primary threat against Jared, John and Jason.  
13 This case was on a super highway to trial. Your Honor set the  
14 trial date very, very quickly, and then it was moved a little  
15 bit, but only just so. Derek saw that trial coming, saw  
16 himself sitting next to Jared at a jury trial in this case, and  
17 couldn't bear it. All we ever discussed was how to stop that  
18 from happening to Jared.

19 To that end, at one point Derek met with the  
20 government. We met via teleconference, flew to San Diego, and  
21 we had extensive meetings with the government where he  
22 debriefed about this case. I am not making a 5K type  
23 cooperation type argument, but what was touching about that was  
24 that he went in and he laid himself out as much as his brother  
25 Jason and his father John, and that wasn't easy. That was a

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1 brutal experience for him. He went in also knowing that he  
2 would have to say everything he had about his brother Jared.  
3 But that was a frontier, even committing to that situation, it  
4 was a frontier he wouldn't cross, knowing that he was in a  
5 situation where at least at the time, he had no reason to not  
6 believe he was going to get credit for that debrief. When  
7 asked questions about Jared, he just couldn't do it.

8 Now, I know how that works.

9 THE COURT: You have to explain that a little bit  
10 better for me. What do you mean he just couldn't do it? I  
11 don't understand that.

12 MR. BRASS: He simply couldn't provide information  
13 about Jared's involvement. He couldn't put himself in a  
14 situation where he would be a witness against Jared. Jared has  
15 culpability. He couldn't quantify that, so he could not answer  
16 those questions, making the debrief not successful, making it  
17 so that he knew he would get no credit for cooperating. He  
18 would basically render himself useless as a witness by not  
19 having the willingness to answer those questions. He knew  
20 because I told him repeatedly and he couldn't do it, but the  
21 spirit with which he approached that endeavor regarding John  
22 and Jason was also not easy.

23 My point being that, for someone like Derek to go into  
24 that, the painful exercise of laying out his brother and  
25 father, was challenging and trying for him. It was just a

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1 fool's hope that the government wouldn't have a lot of  
2 questions about Jared. But the fact is even when he was in a  
3 situation to help himself, he couldn't do it over his brother,  
4 because the family dynamic here is so significant.

5 That is really the crux of the sentencing memorandum.  
6 This is a guy who goes home to a master con man of a father.  
7 John is a master manipulator and that manipulated Derek. The  
8 words in the sentencing memorandum I wrote, that Derek joined  
9 this conspiracy by introducing Shahini into the mix without  
10 knowing that it was a criminal enterprise. When he first  
11 joined, he didn't know it was a criminal enterprise. That is  
12 from the presentence report. I didn't make that up and it is  
13 not my opinion. The presentence report says it as a result of  
14 reviewing the government's evidence.

15 He might have done anything to be in the family  
16 business. He was an outcast, and anyone who has father-son  
17 issues is familiar with people who do understand the power of  
18 that. He joined this business and was taken advantage of  
19 because he had something that John and Jason needed, which was  
20 a foreign national that he could trust. John and Jason don't  
21 have anyone they can trust, but Derek did. Derek knew this man  
22 and was in that sort of relationship.

23 So in order to win his father's favor, he introduced  
24 Shahini to Jason and John, not at that point understanding  
25 exactly what was going on. He learned soon thereafter, and

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1 there is no question he stuck to it. I am not telling the  
2 court that he was wide-eyed and innocent when he participated  
3 in this conspiracy. He knew what was going on soon thereafter,  
4 but not at first. Once he was in, he was in. He was embraced  
5 by his family, part of the family business now, and almost  
6 everything he did involved keeping Shahini quiet, keeping  
7 Shahini involved, because his father and his brother needed  
8 him.

9 For that reason, I see his culpability less. Maybe  
10 I am just moved by the nobility of his willingness to stand in  
11 front of his brother as a guard, even putting himself at risk  
12 of a lengthy prison sentence, which now is coming. There will  
13 be no 5K argument. There will be no message from anyone on  
14 that, and that's appropriate. But what I am saying is that  
15 Derek's heart is in the right place now. He did this because  
16 he was embraced by his family maybe for the first time and it  
17 was only because they needed him. They needed an asset that he  
18 had, and there was no way John and Jason weren't going to make  
19 use of that.

20 So how much of a chance did Derek stand before a  
21 master manipulating con man and his other parent, who likewise  
22 is a master manipulating con man? Not much. The last thing  
23 Derek said to me before walking in here is, I think everyone  
24 looks at me like I'm just a thug and I'm just a family thug.  
25 I grant Derek that his appearance has that, but what really



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1 happened here, the human story is that he was trying to protect  
2 his little brother entirely through this case and always  
3 willing to accept responsibility from the moment I met him,  
4 which is right after the indictment.

5 I urge the court to just take those human factors into  
6 account. I realize under 3553(a), I am not hitting those  
7 factors strongly because I can't. Derek is culpable and  
8 acknowledges that.

9 THE COURT: Tell me a little bit more about the period  
10 from the time of release in August 2008 until the conspiracy  
11 gets in full swing by the spring of 2010. What was he doing?  
12 Where was he? What was he doing?

13 MR. BRASS: He became a martial arts instructor, and  
14 I actually have letters and things. I didn't think that they  
15 would be as interesting to the court on this point, but he was  
16 an instructor for children in martial arts, very much enjoyed  
17 doing that work. He made very, very little money.

18 THE COURT: He was living with John and Jason, did you  
19 say, or John and Jared?

20 MR. BRASS: He was living with John.

21 THE COURT: He was living with John?

22 MR. BRASS: Correct. Jason at the time was living in  
23 the most Liberace-esque ostentatious mansion one could imagine  
24 while Derek was living with his dad driving an early '90s Ford  
25 Mustang.

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1 THE COURT: Now, tell me about Derek's take on this  
2 overall transaction or series of transactions, this scheme.

3 MR. BRASS: Derek's take on the scheme, your Honor, is  
4 that this master plan was being --

5 THE COURT: No, no. I mean following the money. What  
6 did he get out of it?

7 MR. BRASS: His father's approval for a moment.

8 THE COURT: Financially, what did he get out of it?

9 MR. BRASS: There was a period where he received  
10 \$13,000 a month as a salary, but that period was only for  
11 several months.

12 THE COURT: Salary from whom?

13 MR. BRASS: From his father. So he had a successful  
14 person --

15 THE COURT: When was that?

16 MR. BRASS: I'm sorry, your Honor. I don't know.

17 THE COURT: Was it for a year? Was it two years?

18 MR. BRASS: Approximately one year.

19 THE COURT: Right. Go ahead.

20 MR. BRASS: I would submit it, your Honor.

21 THE COURT: Pardon me?

22 MR. BRASS: With that, I would submit, unless your  
23 Honor has any other questions.

24 THE COURT: No, that's fine.

25 Mr. Galanis, this is your opportunity to speak, to

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1 address the court directly, to bring to my attention any facts  
2 or circumstances that you believe I should take account of. If  
3 there is anything you wish to say, this is the time.

4 THE DEFENDANT: Your Honor, the only thing I want to  
5 say is I take full responsibility for my actions and that's it.

6 THE COURT: Thank you very much.

7 Ms. Hector.

8 MS. HECTOR: Yes, your Honor.

9 First let me begin by just addressing this point of  
10 what Mr. Galanis, Mr. Derek Galanis' understanding was at the  
11 time he introduced Shahini into this conspiracy. The argument  
12 we make in the papers is very much tied to the e-mail  
13 correspondence that this individual had with Mr. Shahini at the  
14 outset of bringing him into the scheme, I think it is five days  
15 after the e-mail saying, We need a foreign nominee. That is  
16 where you come in, my friend.

17 There is a subsequent e-mail where Mr. Shahini  
18 indicates his awareness that he's become magically rich  
19 basically because he's been granted these shares that he  
20 understands he is not a true beneficiary of, but is purely  
21 serving as a straw man, in essence. Mr. Galanis writes back  
22 something along the lines of, If this works out, we all may be.  
23 If not, well, I don't want to think about that.

24 I think that e-mail in and of itself demonstrates  
25 Mr. Galanis' knowledge that what they were engaging in at this

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1 point was a criminal endeavor and that they were fearsome that  
2 if law enforcement were to uncover this scheme, well, the  
3 consequences could be dire. If not, they could be rich men.

4 So I think that stands in stark contrast to the  
5 argument that is being presented in the papers and here, that  
6 he was somehow unaware of the PSR notes that Shahini had been  
7 introduced to Jacob by Derek Galanis at an earlier point. But  
8 Derek Galanis knew Shahini for years, and I believe he did  
9 introduce Shahini to Jason Galanis at some earlier point as  
10 well. But with respect to his introduction to this scheme, it  
11 was for the purpose of serving a criminal purpose, and that was  
12 the purpose of serving as the foreign nominee. I think that is  
13 clear from the record.

14 With respect to Mr. Galanis' attempted cooperation --  
15 this wasn't brought up in the papers, obviously it was brought  
16 up here today -- Mr. Galanis did seek to proffer with the  
17 government and he did meet with the government via video  
18 teleconference on several occasions. The government credited  
19 some of the things he said, but we did not credit many of the  
20 other things he said, particularly around the issue of Jared  
21 Galanis. It was Mr. Derek Galanis that cut off those proffers,  
22 not the government. He decided to cease that process and stop  
23 meeting with the government and stop endeavoring to potentially  
24 cooperate in this case.

25 So for both the fact that we didn't fully credit his

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1 statements and for the fact that he cut off that process and  
2 never actually became a cooperator and never provided  
3 information that the government was able to use in any capacity  
4 in the investigation or the trial, he deserves no credit for  
5 doing that.

6 THE COURT: Your account of what transpired is not  
7 materially different than Mr. Brass' account of what  
8 transpired.

9 MS. HECTOR: I am just confirming for your Honor what  
10 happened.

11 THE COURT: Thank you.

12 MS. HECTOR: I think one of the most important things  
13 for your Honor to consider when considering Derek Galanis and  
14 the sentence that he should receive is the fact that he chose  
15 to become involved in this scheme knowing full well what he was  
16 entering. He had a history of a prior conviction, so he was  
17 not someone who was un-equated with the consequences of  
18 engaging in criminal activity. He was well aware of his  
19 father's history and his brother's history at that point. He  
20 had grown up in affluent circumstances, and yes, of course, the  
21 fact that his father had been in prison for much of his  
22 childhood certainly had an impact on him. But one could also  
23 argue that it should have impacted him in a way to make  
24 decisions that wouldn't bring him down that same path.

25 He was an adult. He had education. He had the

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1 ability to do something different with his life. Nonetheless,  
2 he chose to become involved in a scheme with his criminal  
3 family. That was his choice and he made that choice with other  
4 options.

5 So he stands before your Honor today having been  
6 someone who has a criminal past, who the prior sentence that he  
7 served of seven years did not serve to adequately deter him  
8 from continuing to engage in criminal conduct, and who is  
9 deserving of a significant sentence not only to specifically  
10 deter him from engaging in criminal conduct in the future, but  
11 also for a general deterrence impact.

12 This crime impacted many people. Your Honor is well  
13 aware of the financial hardships suffered by the people who  
14 lost money in this scheme. Yes, Mr. Derek Galanis did not  
15 receive the kind of proceeds that some of the other people  
16 involved in the scheme received, but he did receive a monthly  
17 stipend from the family during this period of time in partial  
18 compensation for his willingness to perform a role.

19 He had communications with Mr. Shahini and with Jason  
20 Galanis about Mr. Shahini's interest in continuing to serve  
21 such a role in the future. His communication --

22 THE COURT: Say that one again.

23 MS. HECTOR: He had communications with Jason Galanis  
24 indicating that Mr. Shahini was happy to be serving the role he  
25 did and hoped to be included in the future. So there was

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1 contemplation of future criminal endeavors as well.

2 We submit, your Honor, that this defendant is  
3 deserving of a significant sentence and one within the  
4 guidelines would be appropriate in this case.

5 THE COURT: Thank you.

6 This is the court's statement of reasons for the  
7 sentence to be imposed on Derek Galanis. I have considered all  
8 the materials I referenced at the outset. I have considered  
9 the very thoughtful comments of Mr. Brass and Ms. Hector and  
10 the brief statement by Derek Galanis, considering all the  
11 factors under Section 3553(a).

12 The record will reflect that I presided at the trial  
13 of Gary Hirst and I have presided at the sentencings of Jason  
14 Galanis and Jared Galanis and have, in connection with this  
15 sentencing today, also reviewed the sentencing materials  
16 related to John Galanis.

17 The defendant was a knowing participant in a scheme to  
18 defraud. He played an important role in being the person to  
19 whom Ymer Shahini was introduced and brought on board and  
20 managed during the conspiracy. It is not clear to me from this  
21 record that Derek Galanis, I don't think he was excluded from  
22 information necessary to make the conspiracy operate, but he  
23 was nothing like a co-architect or participant in the brain  
24 trust that brought this scheme about. It seems to me that he  
25 was somewhat on a need-to-know basis and a willing participant,

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1 enthusiastic participant.

2 In presiding over criminal cases, there are a lot of  
3 reasons why people participate in criminal conspiracies. Money  
4 is one of them, but it is not always the only one. It is  
5 perhaps somewhat unusual that a significant motivation may be  
6 family approval, but it is not unheard of, and indeed that's a  
7 common reason in organized crime cases why people commit  
8 crimes, to curry favor, to have an enhanced stature; not  
9 because they are going to get anything out of it, but it gives  
10 them credibility with people who they want credibility with.

11 I accept that as a reason, and when I say accept it as  
12 a reason, I don't excuse it as a reason. Listen, we could  
13 bring in teams of sociologists and psychiatrists in every  
14 criminal case to get to the root cause of what causes someone  
15 to engage in criminal activity. The fact of the matter is, as  
16 an adult, it was a knowing decision by Derek Galanis.

17 It's a crime in which there are at least 60 victims.  
18 There is a stipulated loss from the offense of between 25 and  
19 \$65 million. One of the elephants in the room and the reason  
20 why the guidelines are what they are is Derek Galanis was  
21 convicted of conspiracy to distribute and possess with intent  
22 to distribute ecstasy and received an 108-month prison term  
23 going back to October -- well, I guess he was sentenced  
24 December of 2003, about 13 years ago, and was arrested in  
25 October of 2001.



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1           There he was involved in an actual manufacturing  
2 operation at a warehouse with a partner, and it was a rather  
3 serious operation. Agents discovered a clandestine laboratory  
4 accessible through a bookcase which was opened with a hidden  
5 latch, and agents recovered 20,000 ecstasy tablets and enough  
6 chemicals to produce 159 kilograms of ecstasy. So this was a  
7 very serious crime of which he was convicted. Then finally, he  
8 got his freedom, and it was not long before he returned to  
9 criminal activity. I can't imagine what it's like to have  
10 grown up in the family that Derek Galanis grew up in, with a  
11 father who was a serious criminal, who gave the family a  
12 privileged lifestyle, which was supported in part by criminal  
13 activity.

14           Now, Mr. Galanis has self-diagnosed himself as having  
15 bipolar disorder. At least I guess his primary care physician  
16 has gone along with the diagnosis, Dr. Gary Ross, but he's  
17 never received a prescription for bipolar disorder. It is not  
18 clear to me to what extent Dr. Ross is qualified to make that  
19 diagnosis. He does receive Xanax, and it doesn't surprise me  
20 at all to read that he has anxiety and depression.

21           Part of what troubles me in the case of Derek Galanis  
22 is that he had a pretty good academic background. He has a  
23 bachelor of arts in history from Cal State at San Marcos. He  
24 attended the University of Reading in London to study finance.  
25 He also attended for a period of time something called the

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1 New York School of Finance in Lower Manhattan. I can't give  
2 Mr. Galanis the credit for simply not understanding the ways of  
3 finance and not understanding the nature and consequences of  
4 his acts or the extent to which they were wrong.

5 He had formed a business in Kosovo with Dennis Alba  
6 selling prepaid cards to access pornography on the Internet. I  
7 say this not because of the nature of the business, but to show  
8 that there was some sophistication. He also was involved in a  
9 business that functioned as a third-party limited liability  
10 insurance company or broker for AIG and sought to establish a  
11 market at the end of the Kosovo war in June of 1999. Derek  
12 Galanis was certainly smart enough to know better.

13 I think in a way, even as the government put it, the  
14 monies that were paid by John Galanis to Derek Galanis would,  
15 in the common parlance, make him a non-equity partner in this  
16 enterprise, a salaried employee in this enterprise, albeit a  
17 well paid one. But as even the government put it, the money  
18 was in part, maybe in large part, to compensate him for his  
19 cooperation in the criminal enterprise, but there may have been  
20 other familial reasons, including the fact that John Galanis is  
21 all of a sudden flesh again and can pay out the money.

22 I must say, in so many cases, I find it very difficult  
23 to fashion the right sentence and often walk away hoping that  
24 I've done my best, but knowing that this is a very imperfect  
25 exercise. But based on my consideration of the sentencing

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1 guidelines, policy statements, official commentary of the  
2 United States Sentencing Commission, recognizing that I am not  
3 obligated to sentence within the guidelines, that I have  
4 various discretion, I conclude that a sentence of 72 months'  
5 imprisonment, three years' supervised release, waiver of the  
6 fine based on both limited assets, and a serious restitution  
7 and forfeiture obligation, and an imposition of a \$200 special  
8 assessment is sufficient but not greater than necessary to  
9 achieve the purposes of Section 3553(a).

10 Does the defendant or his counsel have any objection  
11 to the court's proposed sentence or to the statement of reasons  
12 for that sentence?

13 MR. BRASS: None, your Honor. Thank you.

14 THE COURT: Same question for the government.

15 MS. HECTOR: No, your Honor.

16 THE COURT: If the defendant will please stand and  
17 I'll impose sentence.

18 Derek Galanis, it is the judgment of this court that  
19 you're hereby remanded to the custody of the United States  
20 Bureau of Prisons for 72 months. Following release from  
21 imprisonment you shall be placed on supervised release for a  
22 period of three years. I should note that the sentence of  
23 72 months is on Count Two, with a sentence of 60 months on  
24 Count One to run concurrently.

25 On supervised release the following terms and

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1 conditions apply: You shall not commit another federal, state  
2 or local crime, nor illegally possess a controlled substance,  
3 nor possess a firearm or destructive device. The mandatory  
4 drug-testing condition is suspended due to imposition of a  
5 special condition requiring drug treatment and testing. You  
6 shall cooperate in the collection of DNA as directed.

7           The standard conditions of supervision 1 through 13  
8 are imposed with the following special conditions: You shall  
9 participate in outpatient treatment programs for drug addiction  
10 and also outpatient mental health treatment programs as  
11 directed by the probation office, which programs may include  
12 testing to determine whether you've reverted to using drugs or  
13 alcohol. You shall contribute to the cost of services rendered  
14 based on your ability to pay and the availability of  
15 third-party payments. The court authorizes the release of  
16 evaluations and reports, including the presentence  
17 investigation report, to the healthcare provider. As part of  
18 the mental health treatment program, you shall take any  
19 prescribed medications, unless otherwise instructed by the  
20 healthcare provider. You shall submit your person, residence,  
21 place of business, any property, computer, electronic  
22 communications, data storage devices, and other media under  
23 your control to a search on the basis that the probation  
24 officer has reasonable suspicion that contraband or evidence of  
25 a violation of the conditions of release may be found. The

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1 search must be conducted at a reasonable time and in a  
2 reasonable manner. Failure to submit to a search may be  
3 grounds for revocation. You shall inform any other residents  
4 that the premises may be subject to search pursuant to this  
5 condition. You shall refrain from engaging in any legal or  
6 financial transactions, be it directly or in an advisory  
7 capacity, involving his family members, including his parents  
8 and siblings, and his siblings' spouses and their children.  
9 You shall report to the nearest probation office within  
10 72 hours of release of custody. It is ordered that you shall  
11 pay the United States a special assessment of \$200, which shall  
12 be due immediately. An order of restitution will be entered  
13 within 90 days, with the government's submission due 30 days  
14 hence. I believe that is the date I said yesterday, is that  
15 correct?

16 MS. HECTOR: Yes, your Honor.

17 THE COURT: Is there a specific date?

18 MS. HECTOR: There are. The government's brief is due  
19 March 15, the defense the 31st, and the reply April 7.

20 THE COURT: That's the schedule that applies here.

21 The defendant shall forfeit all right, title, and  
22 interest to the proceeds of the crime, including a sum of money  
23 equal to \$19,038,650.53, representing property, real and  
24 personal, that constitutes or is derived from the proceeds  
25 traceable to the commission of the offenses alleged in Counts

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1 One and Two. The fine is waived because of the substantial  
2 restitution and forfeiture obligations.

3 Mr. Galanis, you have the right to appeal the sentence  
4 I've imposed. If you cannot afford the cost of an appeal, you  
5 may apply for leave to appeal as a poor person. The time  
6 limits for filing a notice of appeal are brief and they are  
7 strictly enforced. If you request, the Clerk of Court will  
8 prepare and file a notice of appeal immediately.

9 Do you understand all that?

10 THE DEFENDANT: I do, your Honor.

11 THE COURT: Please be seated.

12 Anything further from the government?

13 MS. HECTOR: Only that we would ask that any open  
14 counts be dismissed at this time.

15 THE COURT: Without objection, that is granted.

16 Mr. Brass, any application?

17 MR. BRASS: No, your Honor.

18 THE COURT: How about place of incarceration?

19 MR. BRASS: Western region, your Honor.

20 THE COURT: I will recommend that he be housed as  
21 close to Los Angeles as is feasible to facilitate family  
22 visitation.

23 Mr. Galanis, you have a job to do. You have to get  
24 things straight in your own mind. If you have bipolar  
25 disorder, you should be evaluated for that. In fact, I am

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1 going to recommend that he be evaluated by the Bureau of  
2 Prisons for appropriate mental health treatment. You have to  
3 figure out what you're going to do with the rest of your life  
4 and how you're going to live a law-abiding life. I wish you  
5 the best in that endeavor.

6 MR. BRASS: Thank you, your Honor.

7 THE COURT: We are adjourned.

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